

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED  
FISCAL NOTE  
HB 248 - SB 270**

March 11, 2009

**SUMMARY OF BILL:** Authorizes career and technical education courses (CTE) that do not involve physical safety precautions to exceed class size limits if the effectiveness of the instructional program is not impaired. Permits LEAs to increase their average daily membership (ADM) in such courses. The current average CTE class size is 20 students.

**ESTIMATED FISCAL IMPACT:**

On March 2, 2009 we issued a fiscal note for this bill indicating an *increase in state expenditures of \$9,304,000/CTE BEP Over Time/Year Behind Actual ADM Increase* and an *increase in local expenditures of \$4,893,000/CTE BEP Permissive Over Time/Year Behind Actual ADM Increase*. On March 10, 2009, we received additional information from the Department of Education (DOE) concerning the bill. The fiscal impact was in error and has been corrected.

**(CORRECTED)**

**Increase State Expenditures - \$2,246,900 /CTE BEP  
Over Time/Year Behind Actual  
ADM Increase**

**Increase Local Expenditures - \$924,200/CTE BEP  
Permissive Over Time/Year  
Behind Actual ADM Increase**

**Decrease Local Expenditures – Exceeds \$100,000  
Permissive Over Time**

Assumptions:

- State will determine which CTE courses increase their class size.

**HB 248 - SB 270 (CORRECTED)**

- CTE courses, especially in smaller school systems are currently at capacity and in high demand. Additionally, the new graduation requirements for the incoming freshmen class of 2009-2010 must have a three unit focus of study. According to the Department of Education (DOE), many local education agencies (LEAs) will focus on CTE courses, thereby increasing the average daily membership (ADM) of CTE classes.
- CTE courses are funded at a higher BEP ADM rate than the regular ADM rate; thereby any increase in CTE ADM will generate more BEP dollars, requiring an increase in state and local expenditures.
- The increase in BEP money that is shown in the corrected impact section is the difference between the regular ADM BEP generation amount and the CTE ADM amount.
- It is estimated that the BEP will generate approximately \$513 in state dollars and \$211 in local match per each CTE ADM increase. BEP dollars for ADM increases are generated a year after they occur.
- Currently, there are 43,797 CTE students. Though it is unknown exactly how many LEAs will increase their class size or when this would occur, DOE estimates that CTE ADM may increase by 10 percent, approximately 4,380 students.
- If CTE ADM increases by 10 percent, the BEP increase in generated money is estimated to be \$2,246,940 (4,380 x \$513) in state dollars and \$924,180 (4,380 x \$211) in local BEP match.
- LEAs may hire fewer teachers as a result of an increase in CTE ADM. One teacher is currently funded at approximately \$48,000 in salary and benefits within the BEP. If two teachers are not hired or a retiring one replaced as a result of this bill, LEAs would experience a net decrease in permissive expenditures exceeding \$100,000.
- Any CTE ADM increase will be permissive.

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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